APPENDIX
RECIPROCAL COMPENSATION
(AFTER FCC ORDER NO. 01-131)

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APPENDIX RECIPROCAL COMPENSATION

1. APPENDIX SCOPE OF TERM

1.1 This Appendix sets forth the rates, terms and conditions for Reciprocal Compensation of intercarrier telecommunications traffic between ILEC and CLEC, but only to the extent they are interconnected and exchanging calls pursuant to a fully executed, underlying Interconnection Agreement approved by the applicable state or federal regulatory agency for telecommunications traffic in this state.

1.2 The compensation arrangement for the joint provision of Feature Group A (FGA) Services shall be subject to the underlying Interconnection Agreement or as otherwise mutually agreed by the Parties.

1.3 The provisions of this Appendix apply to calls originated over the originating carrier's facilities or over Unbundled Network Elements.

1.4 The provisions of this Appendix do not apply to traffic originated over services provided under local Resale service.

2. ILEC DESIGNATIONS

2.1 **SBC Communications Inc**. (SBC) means the holding company which owns the following ILECs: Illinois Bell Telephone Company, Indiana Bell Telephone Company Incorporated, Michigan Bell Telephone Company, Nevada Bell Telephone Company, The Ohio Bell Telephone Company, Pacific Bell Telephone Company, The Southern New England Telephone Company, Southwestern Bell Telephone Company and Wisconsin Bell, Inc. d/b/a Ameritech Wisconsin.

2.2 **SBC-13STATE** - As used herein, **SBC-13STATE** means the applicable above listed ILEC(s) doing business in Arkansas, California, Connecticut, Illinois, Indiana, Kansas, Michigan, Missouri, Nevada, Ohio, Oklahoma, Texas, and Wisconsin.

2.3 **SBC-12STATE** - As used herein**, SBC-12STATE** means the applicable above listed ILEC(s) doing business in Arkansas, California, Illinois, Indiana, Kansas, Michigan, Missouri, Nevada, Ohio, Oklahoma, Texas, and Wisconsin.

2.4 **SBC-AMERITECH** - As used herein, **SBC-AMERITECH** means the applicable above listed ILEC(s) doing business in Illinois, Indiana, Michigan, Ohio, and Wisconsin.

2.5 **SBC-SWBT** - As used herein, **SBC-SWBT** means the applicable above listed ILEC(s) doing business in Arkansas, Kansas, Missouri, Oklahoma, and Texas.

2.6 **SWBT-MO** - As used herein, **SWBT-MO** means the applicable above listed ILEC doing business in Missouri.

2.7 **SWBT-OK** - As used herein, **SWBT-OK** means the applicable above listed ILEC doing business in Oklahoma.

2.8 **SWBT-KS** - As used herein, **SWBT-KS** means the applicable above listed ILEC doing business in Kansas.

2.9 **SWBT-AR**-As used herein, **SWBT-AR** means the applicable above listed ILEC doing business in Arkansas.

2.10 **SWBT-TX** - As used herein, **SWBT-TX** means the applicable above listed ILEC doing business in Texas.

2.11 **PACIFIC** - As used herein, **PACIFIC** means the applicable above listed ILEC doing business in California.

2.12 **NEVADA** - As used herein, **NEVADA** means the applicable above listed ILEC doing business in Nevada.

2.13 **SNET** - As used herein, **SNET** means the applicable above listed ILEC doing business in Connecticut.

3. CLASSIFICATION OF TRAFFIC

3.1 Telecommunications traffic exchanged between CLEC and ILEC will be classified as either Local Calls, Transit Traffic, Optional Calling Area Traffic, IntraLATA Toll Traffic, or InterLATA Toll Traffic. For purposes of this Appendix, calls to ISPs will be rated and routed according to these same classifications, depending on the physical location of the originating and terminating end users.

3.2 For purposes of this Appendix, the Parties agree that "Local Calls" and "Local ISP Calls" will be compensated at the same rates and rate structures, depending on the End Office or Tandem serving arrangement, so long as the originating end user of one Party and the terminating end user or ISP of the other Party are:

a. both physically located in the same ILEC Local Exchange Area as defined by the ILEC Local (or "General") Exchange Tariff on file with the applicable state commission or regulatory agency; or

b. both physically located within neighboring ILEC Local Exchange Areas, or within an ILEC exchange and an Independent LEC exchange, that share a common mandatory local calling area. This includes but is not limited to, mandatory Extended Area Service (EAS), mandatory Extended Local Calling Service (ELCS), or other types of mandatory expanded local calling scopes.

3.3 The Parties agree that, notwithstanding the classification of traffic under this Appendix, either Party is free to define its own "local" calling area(s) for purposes of its provision of telecommunications services to its end users.

3.4 When an End User originates a Local Call which terminates to an End User physically located in the same local exchange area and served on the other Party's physical switch or, if operating in **SBC-12STATE**, through the other Party's Unbundled Network Element (UNE) switch port, the originating Party shall compensate the terminating Party for the transport and termination of Local Calls at the rate(s) provided in this Appendix and Appendix Pricing. In SNET, calls originated over UNEs are not subject to reciprocal compensation since the rates for unbundled local switching reflect and include the costs of call termination.

3.5 The Parties' obligation to pay reciprocal compensation to each other shall commence on the date the Parties agree that the interconnection is complete (i.e., each Party has established its originating trunks as well as all necessary ancillary traffic trunking such as Operator Services, 911 or Mass Calling trunks).

3.6 The compensation arrangements set forth in this Appendix are not applicable to (i) Exchange Access traffic, (ii) Information Service traffic, (iii) traffic originated by one Party on a number ported to its network that terminates to another number ported on that same Party's network or (iv) any other type of traffic found to be exempt from reciprocal compensation by the FCC or the Commission, with the exception of calls to ISPs, which are addressed in this Appendix. All Exchange Access traffic and IntraLATA Toll Traffic shall continue to be governed by the terms and conditions of applicable federal and state tariffs.

3.7 Calls delivered to or from numbers that are assigned to an exchange within a common mandatory local calling area but where the receiving or calling party is physically located outside the common mandatory local calling area of the exchange to which the number is assigned are either Feature Group A (FGA) or Foreign Exchange (FX) and are not Local Calls for intercarrier compensation and are not subject to local reciprocal compensation.

3.8 Private Line Services include private line-like and special access services and are not subject to local reciprocal compensation. Private Line Services are defined as dedicated Telecommunications channels provided between two points or switched among multiple points and are used for voice, data, audio or video transmission. Private Line services include, but are not limited to, WATS access lines.

3.9 Traffic that is delivered to a CLEC or ISP via Digital Subscriber Line (DSL) service is not subject to intercarrier compensation.

3.10 Where the Parties are performing a transiting function as defined in Section 9.0 below, the transiting Party will pass the original and true CPN if it is received from the originating third party. If the original and true CPN is not received from the originating third party, the Party performing the transiting function can not forward the CPN and will not be billed as the default originator.

4. RESPONSIBILITIES OF THE PARTIES

4.1 Each Party to this Appendix will be responsible for the accuracy and quality of its data as submitted to the respective Parties involved.

4.2 Where SS7 connections exist, each Party will include in the information transmitted to the other for each call being terminated on the other's network, where available, the original and true Calling Party Number (CPN).

4.3 If one Party is passing CPN but the other Party is not properly receiving information, the Parties will work cooperatively to correct the problem.

4.4 Where SS7 connections exist throughout entire route of the call, calls originated by one party and terminated by the other, if the percentage of calls passed with CPN is greater than ninety percent (90%), all calls exchanged without CPN information will be billed as either Local Traffic or intraLATA Toll Traffic in direct proportion to the minutes of use (MOU) of calls exchanged with CPN information. If the percentage of calls passed with CPN is less than ninety percent (90%), all calls passed without CPN will be billed as intraLATA switched access.

5. OPTIONAL CALLING AREA TRAFFIC -- SWBT-OK, KS, AR, TX

5.1 Compensation for Optional Calling Area (OCA) Traffic is for the termination of intercompany traffic to and from the one-way or two-way optional exchanges(s) and the associated metropolitan area.

5.2 In the context of this Appendix, Optional Calling Areas (OCAs) exist only in the states of Oklahoma, Kansas, Arkansas, and Texas, and are outlined in the applicable state Local Exchange tariffs. This rate is independent of any retail service arrangement established by either Party. CLEC and SWBT-OK, SWBT-KS, SWBT-AR, and SWBT-TX are not precluded from establishing its own local calling areas or prices for purposes of retail telephone service; however the terminating rates to be used for any such offering will still be administered as described in this Appendix.

5.3 The state specific OCA Transport and Termination rates are outlined in Appendix Pricing.

6. MCA TRAFFIC -- SBC-MO

6.1 For compensation purposes in the state of Missouri, Local Traffic shall be further defined as "Metropolitan Calling Area (MCA) Traffic" and "Non-MCA Traffic." MCA Traffic is traffic originated by a party providing a local calling scope plan pursuant to the Missouri Public Service Commission Orders in Case No. TO-92-306 and Case No. TO-99-483 (MCA Orders) and the call is a local call based on the calling scope of the originating party pursuant to the MCA Orders. Non-MCA Traffic is all Local Traffic that is not defined as MCA Traffic.

6.1.1 Either party providing Metropolitan Calling Area (MCA) service shall offer the full calling scope prescribed in Case No. TO-92-306, without regard to the identity of the called party's local service provider. The parties may offer additional toll-free outbound calling or other services in conjunction with MCA service, but in any such offering the party shall not identify any calling scope other than that prescribed in Case No. TO-92-306 as "MCA" service.

6.1.2 Pursuant to the Missouri Public Service Commission Order in Case No. TO-99-483, MCA Traffic shall be exchanged on a bill-and-keep intercompany compensation basis meaning that the party originating a call defined as MCA Traffic shall not compensate the terminating party for terminating the call. Furthermore, the Transit Traffic rate element shall not apply to MCA Traffic (i.e., no transiting charges shall be assessed for MCA Traffic).

6.2 The parties agree to use the Local Exchange Routing Guide (LERG) to provision the appropriate MCA NXXs in their networks. The LERG should be updated at least 45 days in advance of opening a new code to allow the other party the ability to make the necessary network modifications. If the Commission orders the parties to use an alternative other than the LERG, the parties will comply with the Commission's final order.

6.3 If CLEC provides service via resale or in conjunction with ported numbers in the MCA, the appropriate MCA NXXs will be updated by SWBT.

7. TRANSIT TRAFFIC COMPENSATION

7.1 Transiting Service allows one Party to send Local, Optional, intraLATA Toll Traffic, and 800 intraLATA Toll Traffic to a third party network through the other Party's tandem. A Transiting rate element applies to all MOUs between a Party and third party networks that transits an **SBC-13STATE** network. The originating Party is responsible for payment of the appropriate rates unless otherwise specified. The Transiting rate element is only applicable when calls do not originate with (or terminate to) the transit Party's End User. Pursuant to the Missouri Public Service Commission Order in Case No. TO-99-483, the Transit Traffic rate element shall not apply to MCA Traffic (i.e., no transiting charges shall be assessed for MCA Traffic) for **SWBT-MO**. The rates that **SBC-13STATE** shall charge for transiting CLEC traffic are outlined in Appendix Pricing.

7.2 While the Parties agree that it is the responsibility of CLEC to negotiate direct interconnection arrangements with each third party carrier (ILECs or other CLECs) with which it is exchanging substantial transit traffic, SBC-13STATE acknowledges that such arrangements may not currently be in place, and an interim arrangement will facilitate traffic completion on an interim basis. Accordingly, until the date on which CLEC has entered into an arrangement with third-party carrier to exchange transit traffic to CLEC, SBC-13STATE will provide CLEC with transit service. If transit traffic volumes exchanged by CLEC and a third-party carrier (in each case, in the aggregate) at any time exceed the CCS busy hour equivalent of one (1) DS-1 (500 CCS) CLEC will, within thirty (30) days, request to enter into agreements with third-party carriers to connect directly.

7.2.1 In the event CLEC originates traffic that transits **SBC-13STATE**'s network to reach a third party Telecommunications Carrier with whom CLEC does not have a traffic Interexchange agreement, then CLEC will indemnify **SBC-13STATE** against any and all charges levied by such third party Telecommunications Carrier related to such traffic. The terminating party and **SBC-13STATE** will bill their respective portions of the charges directly to the originating party, and neither the terminating party nor **SBC-13STATE** will be required to function as a billing intermediary, e.g. clearinghouse. In the event Ameritech is billed terminating charges related to such traffic by a third party Telecommunications Carrier, **SBC-13STATE** will use commercially reasonable efforts not to pay those charges.

7.3 The CLEC shall not bill **SBC-13STATE** for terminating any Transit traffic, whether identified or unidentified, i.e. whether **SBC-13STATE** is sent CPN or is not sent CPN by the originating company.

7.4 **SBC-WI only –** Where Primary Toll Carrier (PTC) arrangements are mandated, for intraLata Toll Traffic which is subject to a PTC arrangement and where **AM-WI** is the PTC, **AM-WI** shall deliver such intraLATA Toll Traffic to the terminating carrier in accordance with the terms and conditions of such PTC arrangement. Upon receipt of verifiable Primary Toll Records, **AM-WI** shall reimburse the terminating carrier at **AM-WI's** applicable tariffed terminating switched access rates until the terminating carrier is able to document its costs for terminating switched access rates. When transport mileage cannot be determined, an average transit transport mileage shall be applied as set forth in Appendix Pricing.

7.5 CLEC will establish sufficient direct trunk groups between CLEC and a Third Party's network when CLEC's traffic volumes to said Third Party require twenty-four (24) or more trunks.

8 OPTIONAL CALLING AREA TRANSIT TRAFFIC -- SWBT-MO, SWBT-KS, SWBT-AR, SWBT-TX

8.1 In the states of Texas, Missouri, Kansas, and Arkansas, the Optional Area Transit Traffic rate element applies when one End User is in a **SBC-SWBT** one-way or two-way optional exchange and the other End User is within the **SWBT-KS**, **SWBT-AR**, and/or **SWBT-TX** local or mandatory exchanges. The Parties agree to apply the Optional Area Transit rate to traffic terminating to third party Independent LEC that shares a common mandatory local calling area with all **SWBT-MO, SWBT-KS, SWBT-AR**, and **SWBT-TX** exchanges included in a specific metropolitan exchange area. The Optional Area Transit Traffic rates that will be billed are outlined in Appendix Pricing. The specific NXXs and associated calling scopes can be located in the applicable state Local Exchange tariff.

9. INTRALATA 800 TRAFFIC

9.1 The Parties shall provide to each other intraLATA 800 Access Detail Usage Data for Customer billing and intraLATA 800 Copy Detail Usage Data for access billing in Exchange Message Interface (EMI) format. On a monthly basis the Parties agree to provide this data to each other at no charge. In the event of errors, omissions, or inaccuracies in data received from either Party, the liability of the Party providing such data shall be limited to the provision of corrected data only. If the originating Party does not send an End User billable record to the terminating Party, the originating Party will not bill the terminating Party any interconnection charges for this traffic.

9.2 IntraLATA 800 Traffic calls are billed to and paid for by the called or terminating Party, regardless of which Party performs the 800 query. Billing shall be based on originating and terminating NPA/NXX.

10. MEET-POINT-BILLING (MPB) and SWITCHED ACCESS TRAFFIC COMPENSATION

10.1 Intercarrier compensation for Switched Access Traffic shall be on a MPB basis as described below.

10.2 The Parties will establish MPB arrangements in order to provide Switched Access Services to IXC and ESPs via the respective carrier's Tandem Office Switch switches in accordance with the MPB guidelines adopted by and either contained in, or upon approval to be added in future to the Ordering and Billing Forum's MECOD and MECAB documents.

10.3 Billing to Interexchange Carriers (IXCs) and ESPs for the Switched Exchange Access Services jointly provided by the Parties via MPB arrangements shall be according to the multiple bill/single tariff method. As described in the MECAB document, each Party will render a bill in accordance with its own tariff for that portion of the service it provides. Each Party will bill its own network access service rates to the IXC. The residual interconnection charge (RIC), if any, will be billed by the Party providing the end office function. For the purpose of this Appendix, CLEC is the Initial Billing Company (IBC) and **SBC-13STATE** is the Subsequent Billing Company.

10.4 The Parties will maintain provisions in their respective federal and state access tariffs, or provisions within the National Exchange Carrier Association (NECA) Tariff No. 4, or any successor tariff, sufficient to reflect this MPB arrangement, including MPB percentages.

10.5 As detailed in the most current MECAB document, the Parties will, in accordance with appropriate billing cycle intervals defined herein, exchange all information necessary to accurately, reliably and promptly bill third parties for Switched Access Services traffic jointly handled by the Parties via the Meet Point arrangement. Information shall be exchanged in a mutually acceptable electronic file transfer protocol. Where the EMI records cannot be transferred due to a transmission failure, records can be provided via a mutually acceptable medium. The initial billing company (IBC) will provide the information to the subsequent billing company within ten (10) working days of sending the IBC's bills. The exchange of records to accommodate MPB will be on a reciprocal, no charge basis.

10.6 MPB shall also apply to all jointly provided MOU traffic bearing the 900, or toll free NPAs (e.g., 800, 877, 866, 888 NPAs, or any other non-geographic NPAs) which may likewise be designated for such traffic in the future where the responsible party is an IXC or ESP. When ILEC performs 800 database queries, ILEC will charge the end office provider for the database query in accordance with standard industry practices.

10.7 Each Party shall coordinate and exchange the billing account reference (BAR) and billing account cross reference (BACR) numbers for the Meet Point Billing service. Each Party shall notify the other if the level of billing or other BAR/BACR elements change, resulting in a new BAR/BACR number.

10.8 For purposes of this Appendix the Party to whom the End Office Switch belongs is the IBC and the Party to whom the Tandem Office Switch belongs is the secondary billing company. The secondary billing company will provide the IBC with the Exchange Access detailed usage data within thirty (30) days of the recording date. The IBC will provide to the secondary billing company the Exchange Access summary usage data within ten (10) working days of the IBC’s bill date to the IXC and/or ESP. **SBC-13STATE** acknowledges that currently there is no charge for

Summary Usage Data Records but that such a charge may be appropriate. At CLEC's request, **SBC-13STATE** will negotiate a mutual and reciprocal charge for provision of Summary Usage Data Records.

10.9 **SBC-13STATE** and CLEC agree to provide the other Party with notification of any discovered errors within ten (10) business days of the discovery.

10.10 In the event of a loss of data, both Parties shall cooperate to reconstruct the lost data within sixty (60) days of notification and if such reconstruction is not possible, shall accept a reasonable estimate of the lost data, based upon no more than three (3) to twelve (12) consecutive months of prior usage data.

11. INTRALATA TOLL TRAFFIC COMPENSATION

11.1 For intrastate intraLATA toll traffic, compensation for termination of intercompany traffic will be at terminating access rates for Message Telephone Service (MTS) and originating access rates for 800 Service, including the Carrier Common Line (CCL) charge where applicable, as set forth in each Party's Intrastate Access Service Tariff, but not to exceed the compensation contained in an ILEC's tariff in whose exchange area the End User is located. For interstate intraLATA intercompany service traffic, compensation for termination of intercompany traffic will be at terminating access rates for MTS and originating access rates for 800 Service including the CCL charge, as set forth in each Party's interstate Access Service Tariff, but not to exceed the compensation contained in the ILEC's tariff in whose exchange area the End User is located. Common transport, (both fixed and variable), as well as tandem switching and end office rates apply only in those cases where a Party's tandem is used to terminate traffic.

12. BILLING FOR MUTUAL COMPENSATION -- SBC-SWBT

12.1 In **SBC-SWBT** other than for traffic described in Section 6.0 above, each Party shall deliver monthly settlement statements for terminating the other Party's traffic based on the following:

12.2 Each Party shall, unless otherwise agreed, adhere to the detailed technical descriptions and requirements for the recording, record exchange, and billing of traffic using the guidelines as set forth in the Technical Exhibit Settlement Procedures (TESP). Each Party will transmit the summarized originating minutes of usage within fifteen (15) business days following the prior month's close of business for all traffic including local, transiting, and optional EAS via the 92-type record process to the transiting and/or terminating Party for subsequent monthly intercompany settlement billing. This information will also be utilized by the Parties for use in verifying and auditing to confirm the jurisdictional nature of Local Calls and is required from the originating Party under the terms of this Appendix.

12.3 If originating records are not received within sixty (60) days, upon written notification the Party not receiving the originating records will bill all MOU for that month at Switched Access rates based upon a seven (7) day traffic study.

12.4 The Parties will not render invoice nor payment to each other for the transport and termination of calls for a particular month's usage until both Parties have received the originating 92-type summary records for that same month's usage.

12.5 On a monthly basis, each Party will record its originating MOU including identification of the originating and terminating NXX for all intercompany calls.

12.6 Each Party will transmit the summarized originating MOU above to the transiting and/or terminating Party for subsequent monthly intercompany settlement billing.

12.7 MOUs for the rates contained herein will be measured in seconds by call type, and accumulated each billing period into one (1) minute increments for billing purposes in accordance with industry rounding standards.

12.8 Where CLEC has direct End Office Switch and Tandem Office Switch interconnection arrangements with **SBC-13STATE**s, **SBC-13STATE**s will multiply the Tandem Office Switch routed terminating MOU and End Office Switch routed terminating MOUs by the appropriate rates in order to determine the total monthly billing to each Party.

13. BILLING FOR MUTUAL COMPENSATION -- SBC-AMERITECH, NEVADA, PACIFIC, SNET

13.1 In **SBC-AMERITECH**, **NEVADA**, **PACIFIC**, and **SNET**, each Party will calculate terminating interconnection minutes of use based on standard Automatic Message Accounting (AMA) recordings made within each Party's network. These recordings are the basis for each Party to generate bills to the other Party. For purposes of reciprocal compensation only, measurement of minutes of use over Local Interconnection Trunk Groups shall be in actual conversation seconds. The total conversation seconds over each individual Local Interconnection Trunk Group will be totaled for the entire monthly bill and then rounded to the next whole minute.

13.2 Each Party will provide to the other, within fifteen (15) calendar days, after the end of each quarter, a usage report with the following information regarding traffic terminated over the Local Interconnection Trunks:

13.2.1 Total traffic volume described in terms of minutes and messages and by call type (local, toll, and other) terminated to each other over the Local Interconnection Trunk Groups, and

13.2.1.1 Percent Local Usage (PLU) is calculated by dividing the Local MOU delivered to a party for termination by the total MOU delivered to a Party for termination.

13.2.2 Upon thirty (30) days written notice, each Party must provide the other the ability and opportunity to conduct an annual audit to ensure the proper billing of traffic between the Parties' networks. The Parties agree to retain records of call detail for six (6) months from when the calls were initially reported to the other Party. The audit will be conducted during normal business hours at an office designated by the Party being audited. Audit requests shall not be submitted more frequently than once per calendar year for each call detail type unless a subsequent audit is required. Audits shall be performed by a mutually acceptable independent auditor paid for by the Party requesting the audit. Based upon the audit, previous compensation, billing and/or settlements will be adjusted for the past twelve (12) months. Also, if the PLU is adjusted based upon the audit results, the adjusted PLU will apply for the nine (9) month period following the completion of the audit. If, as a result of the audit, either Party has overstated the PLU or underreported the call detail usage by twenty percent (20%) or more, that Party shall reimburse the auditing Party for the cost of the audit and will pay for the cost of a subsequent audit which is to happen within nine (9) months of the initial audit.

14. RESERVATION OF RIGHTS AND SPECIFIC INTERVENING LAW TERMS

14.1 The Parties acknowledge that on April 27, 2001, the FCC released its Order on Remand and Report and Order in CC Dockets No. 96-98 and 99-68, *In the Matter of the Local Competition Provisions in the Telecommunications Act of 1996; Intercarrier Compensation for ISP-bound Traffic* (the "ISP Compensation Order.") The Parties agree that by executing this Appendix and carrying out the intercarrier compensation rates, terms and conditions herein, neither Party waives any of its rights, and expressly reserves all of its rights, under the ISP Compensation Order, including but not limited to the ILEC's option to invoke on a date specified by ILEC the FCC's ISP terminating compensation plan, after which date ISP-bound traffic will be subject to the FCC's prescribed terminating compensation rates, and other terms and conditions.

14.2 ILEC agrees to provide 20 days advance written notice to the person designated to receive official contract notices in the underlying Interconnection Agreement of the date upon which the ILEC designates that the FCC's ISP terminating compensation plan shall begin in this state. CLEC agrees that on the date designated by ILEC, the Parties will begin billing Reciprocal Compensation to each other at the rates, terms and conditions specified in the FCC's terminating compensation plan.

14.3 ILEC and CLEC agree to carry out the FCC terminating compensation plan on the date designated by ILEC without waiving, and expressly reserving, all appellate rights to contest FCC, judicial, legislative, or other regulatory rulings regarding ISP and Internet-bound traffic, including but not limited to, appeals of the FCC's ISP Compensation Order. By agreeing to this Appendix, both Parties reserve the right to advocate their respective positions before courts, state or federal commissions, or legislative bodies.

14.4 Should a regulatory agency, court or legislature change or nullify the ILEC's designated date to begin billing under the FCC's ISP terminating compensation plan, then the Parties also agree that any necessary billing true ups, reimbursements, or other accounting adjustments shall be made symmetrically and to the same date that the FCC terminating compensation plan was deemed applicable to all traffic in that state exchanged under section 251(b)(5) of the Act. By way of interpretation, and without limiting the application of the foregoing, the Parties intend for retroactive compensation adjustments, to the extent they are ordered by Intervening Law, to apply uniformly to all traffic among ILEC, CLEC and Commercial Mobile Radio Service (CMRS) carriers in the state where traffic is exchanged as Local Calls within the meaning of this Appendix.

14.5 The Parties further acknowledge that federal or state court challenges could be sustained against the FCC's ISP Compensation Order in particular, or against ISP intercarrier compensation generally. In particular, a court could order an injunction, stay or other retroactive ruling on ISP compensation back to the effective date of the FCC's ISP Compensation Order. Alternatively, a court could vacate the underlying Order upon which the compensation was based, and the FCC (either on remand or on its own motion) could rule that past traffic should be paid at different rates, terms or conditions.

14.6 Because of the possibilities in section 16.5, the Parties agree that should the ISP Compensation Order be modified or reversed in such a manner that prior intercarrier compensation was paid under rates, terms or conditions later found to be null and void, then the Parties agree that, in addition to negotiating appropriate amendments to conform to such modification or reversal, the Parties will also agree that any billing true ups, reimbursements, or other accounting adjustments on past traffic shall be made uniformly and on the same date as for all traffic exchanged under section 251(b)(5) of the Act. By way of interpretation, and without limiting the application of the foregoing, the Parties intend for retroactive compensation adjustments, to apply to all traffic among ILEC, CLEC, and CMRS carriers in the state where traffic is exchanged as Local Calls within the meaning of this Appendix.

14.7 The Parties further acknowledge that the FCC has issued a Notice of Proposed Rulemaking on the topic of Intercarrier Compensation generally. *See, In the Matter of Developing a Unified Intercarrier Compensation Regime*, CC Docket 01-92; established in Notice of Proposed Rulemaking Order No. 01-132, April 27, 2001. In the event that a final, legally binding FCC Order is issued upon the conclusion of that NPRM proceeding and during the term of this Appendix, the Parties agree to conform this Agreement to the compensation procedures set forth in that Order.

14.8 The parties agree to that the foregoing rates, terms, and conditions for the exchange of ISP-bound and Internet-bound traffic are subject to all rules, regulations, and interpretations of that traffic as Information Access pursuant to section 201 of the Act and FCC implementing orders, as opposed to sections 251 and 252 of the Act.

14.9 The Parties reserve the right to raise the appropriate treatment of Voice Over Internet Protocol (VOIP) or other Internet Telephony traffic under the Dispute Resolution provisions of this Interconnection Agreement. The Parties further agree that this Appendix shall not be construed against either Party as a "meeting of the minds" that VOIP or Internet Telephony traffic is or is not local traffic subject to reciprocal compensation. By entering into the Appendix, both Parties reserve the right to advocate their respective positions before state or federal commissions whether in bilateral complaint dockets, arbitrations under Sec. 252 of the Act, commission established rulemaking dockets, or in any legal challenges stemming from such proceedings.

15. ADDITIONAL TERMS AND CONDITIONS

15.1 Every interconnection, service and network element provided hereunder, shall be subject to the applicable rates, terms and conditions contained in this Agreement. The parties recognize that provisions in the General Terms and Conditions apply to services, interconnections and network elements provided under individual appendices or attachments to this Agreement. The parties further agree that this acknowledgment that the General Terms and Conditions apply to individual appendices is not intended to and does not limit, condition or void a third party's rights under 47 U.S.C. Section 252(i) and is consistent with Applicable Law.